

Message Text

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ACTION EA-12

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E.O. 11652: N/A
TAGS: EGEN, TH
SUBJECT: MEETING WITH RTG DEPUTY PRIME MINISTER

1. AMBASSADOR CALLED ON DEPUTY PRIME MINISTER FOR ECONOMIC AFFAIRS SUNTHON HONGLADAROM MORNING OF JANUARY 11, AT OUTSET GAVE SUNTHON A GENERAL RUN-DOWN ON LAST WEEK'S CHIEF-OF-MISSION CONFERENCE IN HONG KONG HIGH-LIGHTING DELIBERATIONS ON HUMAN RIGHTS, U.S.-JAPANESE TRADE DISCUSSIONS AND GENERAL BULLISH PERCEPTION MEETING PARTICIPANTS ON ECONOMIC VIABILITY AND POTENTIAL ENTIRE REGION.

2. CONTINUING THIS THEME AMBASSADOR OBSERVED AMERICAN BANKERS AND BUSINESSMEN WERE ENTHUSIASTIC ABOUT THAILAND'S ECONOMIC PROSPECTS AND WITH THE NEW GOVERNMENT FIRMLY IN PLACE ARE ANXIOUSLY AWAITING DECISIONS ON MAJOR PROJECTS IN WHICH THEY WOULD LIKE TO PARTICIPATE, SUCH AS DEVELOPMENT OF NATURAL GAS INFRASTRUCTURE IN THE GULF, POTASH AND ROCK SALT AND POSSIBLY URANIUM IN THE NORTHEAST AND THE DEEP WATER PORT AT LAEM CHABANG. SUNTHON REPLIED THAT WITH THE VERY ABLE KASEM CHATIKAWANIT IN THE JOB AS MINISTER OF INDUSTRY HE EXPECTED QUICK ACTION ON NEGOTIATIONS WITH UNION OIL ON GAS PRICING
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AND FULLY EXPECTED DEVELOPMENTS IN THE PROMISING MINERALS SECTOR WOULD MOVE AHEAD QUICKLY.

3. AMBASSADOR ASKED SUNTHON WHAT STEPS THE RTG CONTEMPLATED TO COPE WITH DROUGHT CONDITIONS IN THE NORTHEAST. SUNTHON EXPLAINED AS AN EXAMPLE THAT PRIME MINISTER KRIANGSAK HAD INSTRUCTED THE CHIEF OF THE

IRRIGATION DEPARTMENT TO MOVE AHEAD WITH THE MANY SMALL RURAL IRRIGATION PROJECTS AND DO THEM THIS YEAR "OR HE WOULD BE IN TROUBLE." SUNTHON CONTENTED MONEY WAS NOT THE PROBLEM. OUT OF AN 81 BILLION BAHT BUDGET 20 BILLION BAHT WAS FOR DEVELOPMENT PROJECTS AND HE HAS SCREENED EACH MINISTRY'S BUDGET AND FOUND 1.6 BILLION BAHT IN FUNDS UNUTILIZED FROM LAST YEAR. THE PROBLEM WITH MINISTRIES WAS THAT ONCE THEIR BUDGET WAS APPROVED THEY WENT TO SLEEP. THE WHEREWITHAL TO HELP THE DROUGHT STRICKEN FARMERS WAS AVAILABLE. IT WAS ONLY A QUESTION OF GETTING PEOPLE TO ACT.

4. TURNING TO THAILAND'S UNFAVORABLE TRADE BALANCE, SUNTHON EXPRESSED DELIGHT WITH THAILAND'S RECORD RICE EXPORTS IN 1977, AND SAID THAT WHILE SUCH A PERFORMANCE WAS NOT POSSIBLE THIS YEAR WORLD RICE PRICES WERE HIGH WHICH WOULD HELP AND THESE HIGHER PRICES WOULD BE REFLECTED IN HIGHER PRICES PAID TO FARMERS AS WELL. THE MAIN PROBLEM WAS EXCESSIVE IMPORTS OF OIL AND LUXURY GOODS AND THE RTG WOULD HAVE TO DO SOMETHING TO CONSERVE OIL AND ALSO LIMIT SOME TYPES OF IMPORTS. THIS PROBLEM WAS RECEIVING URGENT ATTENTION.

5. SUNTHON INDICATED THE SRV SURPRISED THE RTG BY QUICKLY AUTHORIZING THAI INTERNATIONAL FLIGHTS OVER SAIGON TO HONG KONG. HE EXPECTED AGREEMENT FOR USE LIMITED OFFICIAL USE

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OF AMBER 1 FOR ALL INTERNATIONAL CARRIERS SOON.

6. AMBASSADOR TOOK ADVANTAGE OF MEETING TO INFORM SUNTHON OF HIS INTENTION TO DISCUSS RELIEF FROM HEAVY FINES IMPOSED ON SIAM KRAFT PAPER WITH PRIME MINISTER AND BRIEFLY REVIEWED OTHER IRRITANTS TO U.S. BUSINESS INCLUDING CONTINUING RED TAPE INVOLVED IN SECURING RESIDENT VISAS, RETROACTIVE TAX AND CUSTOMS ASSESSMENTS AND ALARM IN BUSINESS COMMUNITY OVER SEVERAL CRIMINAL PROSECUTIONS OF LEADING BUSINESS EXECUTIVES FOR RELATIVELY MINOR INFRACTIONS OF DEADLINES IN SUBMITTING REQUIRED REPORTS. SUNTHON'S STAFF TOOK JUDIVIOUS NOTES ON THESE CASES AND SUNTHON SAID THERE HAD TO BE IMPROVEMENTS IF THAILAND WAS TO ATTRACT FOREIGN INVESTMENT. WHITEHOUSE

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